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SUBJECT: LINE-UP OF PARTIES CONTESTING YEREVAN MUNICIPAL ELECTION

REF: YEREVAN 278

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SUMMARY

11. (SBU) In view of the upcoming May 31 Yerevan City Council election that will determine the capital's next mayor, post has prepared a profile of the seven political parties contesting the election. This is the first time since 1995 that the mayor of Yerevan, who governs approximately one third of Armenia's entire population, will not be appointed by the president of the republic. The mayor will instead come from the top of the list of the political party that wins the election. Highlights of the pre-election campaign season have been the decision by the parties of the ruling coalition to mount separate campaigns; the decision by the lone opposition party in parliament not to run at all; the decision by Armenia's ex-President Levon Ter-Petrossian to run as the top candidate of the extra-parliamentary opposition Armenian National Congress (ANC); and the April 27 decision by the Armenian Revolutionary Federation - Dashnaksutun (Dashnaks) to bolt the coalition and run as an "opposition" party in the election (septel).
END SUMMARY

COALITION (REPUBLICANS) DECIDES ON SEPARATE RUNS

12. (SBU) In late February, after extensive internal deliberations, the four parties making up the ruling coalition at the time unexpectedly announced that they would contest the election separately. Pundits interpreted the decision as a shrewd power play made by President Sargsian's dominant, senior partner of the coalition, the Republican Party of Armenia (RPA), as a way to ensure the RPA ends up with lion's share of the votes, a majority of the 65 council member seats, and the coveted mayoral position. Commentators also speculated that with the final vote tally, the RPA wanted to show their coalition partners just how much stronger they were than all the rest of them, and to ensure they split the votes among the four parties to avoid the appearance of a vote result that read "opposition versus the authorities." During the 2007 parliamentary election, the RPA netted 27 percent of the votes cast in Yerevan, although these came amid widespread reports of vote fraud by it and other pro-government parties.

13. (SBU) According to the December 2008 "Law on Local Self-Governance in Yerevan" that established the parameters of the municipal election, the next mayor will now appoint the powerful prefects of Yerevan's 12 communities, whom voters used to elect directly. By running alone, the RPA will not have to share those appointments with its coalition partners if it wins a majority of votes. This way the RPA will also ensure that the current prefects,

who are largely RPA or RPA-allies and who occupy the top positions of the RPA party list, will go all out in the election campaign to ensure they do not lose their current privileged posts.

"CHORNIY GAGO" TOPS RPA'S PARTY LIST

14. (SBU) In late February the RPA made it known that Gagik Beglarian, the controversial prefect of the affluent "Kentron" (Center) prefecture, would top their party list for the May 31 municipal election. Just days later, on March 4, President Sargsian exercised his constitutional right under existing law and appointed Beglarian the mayor of Yerevan. Beglarian, whose nickname "Chorniy Gago" (Black Gago) refers to his reputed illicit business dealings as Kentron's prefect, is rumored not to have been the president's first choice, until Hovik Abrahamian, the Speaker of the National Assembly, is said to have persuaded him otherwise.

15. (SBU) The number two on the RPA party list, who has been declared their pick for deputy mayor, is Taron Margarian, the young prefect of Avan community and the son of the late Prime Minister Andranik Margarian who died of a heart attack while in office in 2007. The young Margarian possesses a positive reputation as a proactive manager who takes good care of his community. Pundits have speculated that if Margarian had led the RPA's list, he would likely have attracted enough votes to win without the RPA having to resort to vote fraud. It is said, however, that Margarian's independent streak concerns the RPA leadership, who feared he might be hard to control after the election.

PROSPEROUS ARMENIA -- "DODI GAGO'S" PARTY

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16. (SBU) The party list of Prosperous Armenia, the junior partner of the coalition second to the RPA, is led by Harutyun Kushkian, the Minister of Health who has allegedly used his government position and ownership of major hospitals in Yerevan for substantial personal gain. When announcing Kushkian's candidacy for the election, PA's spokesperson said "Yerevan is the heart of Armenia, and any healthy heart requires caring hands and competent persons. So Mr. Kushkian's medical profession can be useful also for correctly diagnosing our city's problems and determining ways of resolving them." (Note: Kushkian is a cardiologist by training. End Note.) PA's number two is Mkhitar Mnatsakanian, who is head of the parliament's committee on human rights. (Comment: Mnatsakanian has proven totally ineffectual -- and almost invisible -- in this role. End Comment) PA netted 14 percent of the votes cast in Yerevan during the 2007 parliamentary election amid widespread reports that it bribed voters through monetary or in-kind donations.

17. (SBU) PA is led by one of Armenia's most notorious and wealthy oligarchs, Gagik Tsarukian, who is commonly referred to by his nickname, "Dodi Gago." Tsarukian established PA in 2004, supposedly at the behest of his patron, then-president Robert Kocharian, and supposedly as a way of weakening the dominant RPA. It is widely believed that Tsarukian and current President Serzh Sargsian do not see eye-to-eye, something which was on display when Tsarukian openly criticized the economic measures taken by Prime Minister Sargsian (no relation to the president) to blunt the impact of the economic crisis. Some pundits interpreted this as a direct challenge to the president, who appointed PM Sargsian. The critiques were also accompanied by rumors that the president would replace his prime minister and replace him with Tsarukian himself. (Note: These rumors never materialized. End Note)

"OPPOSITION" DASHNAKS GO WITH YOUNG REFORMER

18. (SBU) Prior to its bolting the four-party ruling coalition on April 27 (ref A) over a foreign policy dispute, the

newly-oppositional Dashnaks (septel) announced that the young MP Artsvik Minasian would top their list. Minasian has made a name for himself as a reformer since December 2008 when he personally attended the "Trial of the Seven" court hearings involving seven prominent oppositionists who were jailed for their political activities disputing the result of the 2008 presidential election. Minasian is also a member of the ten-person Ad Hoc Parliamentary Commission investigating the violent post-election events of March 1 that claimed ten lives.

¶9. (SBU) Minasian enjoys a positive reputation within opposition and government circles. Pundits view his nomination as a shrewd Dashnak move to attract undecided and opposition-leaning voters. The Dashnaks reportedly had long internal debates on whom to nominate, with their senior leaders Vahan Hovhannisian and Armen Rustamian reportedly outright refusing to run in the election out of a fear that they would once again come up short, as they did in the presidential election, when Hovhannisian netted only six percent of the vote. In previous elections, the Dashnaks have consistently netted approximately seven-eight percent of votes cast in Yerevan, but by nominating Minasian they aspire for a much better result this time around.

WOMAN MP TOPS RULE OF LAW SLATE

¶10. (SBU) The top of the list of the Orinats Yerkir (Rule of Law) party is led by the charismatic Heghine Bisharian, the head of their faction in parliament. Several low-profile university professors and businessmen follow Bisharian in the list. Although an effective grassroots campaigner, Bisharian's chances have been weakened by the decision taken right after the contested 2008 presidential election by Rule of Law's mercurial leader Artur Baghdassarian to join the ruling coalition. Baghdassarian and his third-in-command Bisharian ran a strident opposition campaign in the presidential election, which got them 16 percent of the vote and a third-place finish. But the stunning flip-flop, in a matter of days, from pro-opposition to pro-government has proven a bitter disappointment to its electorate, many of whom are rumored to have given up on the party. In the 2008 presidential election, Baghdassarian received roughly 13 percent of the votes cast in Yerevan.

ANC CHOOSES LTP IN "RE-RUN" ELECTION

¶11. (SBU) After drawn-out negotiations and mutual recriminations,

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the two main oppositional forces -- the 18-party Armenian National Congress (ANC) and Heritage, the sole opposition party in parliament, failed to agree on a joint list. ANC insisted on, and on March 15 unilaterally nominated ex-President Levon Ter-Petrosian (LTP) to top its list. Following LTP on the ANC list is People's Party of Armenia leader Stepan Demirchian, and ANC coordinator Levon Zurabian. Neither Demirchian nor Zurabian enjoys the same kind of name recognition or support as LTP.

¶12. (SBU) LTP netted 28 percent of the votes cast in Yerevan during the 2008 presidential election, in which he finished second overall with almost 22 percent of the vote. Although LTP has traditionally fared well with Yerevan voters in previous elections, his strong showing in Yerevan in 2008 also benefited from endorsements by Heritage leader Raffi Hovhannisian and the leader of the opposition New Times party.

¶13. (SBU) ANC leaders, and LTP himself, have cast this election as "a second round" of the 2008 presidential elections. ANC coordinator Levon Zurabian, in announcing LTP's candidacy, said that "with this move, we are sending a very clear political message to the entire society: we regard the elections of Yerevan mayor as a very serious opportunity to change the existing dictatorial system." RPA leaders were quick to jump on LTP's nomination, saying "it heralds an attempt to politicize the elections, which will presumably mean political debates and dialogues (sic)."

HERITAGE STEPS ASIDE AFTER SQUABBLE WITH ANC

¶14. (SBU) After its long deliberations with ANC's leaders, Heritage decided not to contest the election. Heritage leaders told Emboffs that they had had a preliminary agreement with ANC to start negotiations on a joint list, but the party was taken aback by ANC's March 15 announcement to nominate its own leaders to top the list. Heritage said it had rejected ANC's offer of the third slot on the list, the position of deputy mayor and three prefects if their combined campaign were to win on May 31.

¶15. (SBU) Heritage floated a number of counter-offers, including making their young and popular MP Armen Martirosian the top candidate, followed by LTP and Heritage leader Raffi Hovhannisian. ANC refused this. Heritage then proposed that Hovhannisian top the combined list, followed by LTP, then Heritage MP Zaruhi Postanjian and People's Party of Armenia leader Stepan Demirchian, with the understanding that the first three candidates would step aside in case of a victory and cede the mayor's position to Demirchian. ANC rejected this offer as well.

¶16. (SBU) The impasse led Heritage to step aside, and ANC to make its sudden announcement that LTP would top the party list. The ANC also went on the attack, criticizing Heritage in opposition print media for refusing to join them in a combined campaign. ANC and Heritage nevertheless remain in negotiations on possible cooperation during the campaign and on election day, with Heritage yet to decide whether to yield some of its election commission seats to the extra-parliamentary ANC.

"THE PUPPETS" OF THE ELECTION

¶17. (SBU) Two minor fringe parties are also contesting the election, the first of these being the "People's Party" led by Tigran Karapetian, the rather eccentric owner of ALM Media Holding. The elderly Karapetian, who appears around the clock on his own TV show droning on esoteric subjects to the same commentator, is followed on the list by employees from his own firm as well as pensioners. The other party is the Socialistic Labor Party, led by Movses Shakhverdian, with an accompanying cast of low-profile government employees and businessmen.

¶18. (SBU) While insignificant politically in society, these fringe parties can and often do play a powerful spoiler role in Armenia's elections, particularly those held under the proportional representation system. Perceived to be puppets for the ruling regime, their first job is to poach as many votes as possible from the real opposition. Their second function, which "People's Party" successfully fulfilled during the presidential election, is to file misleading election violation complaints to the Central Electoral Commission right after the polls close. By doing this, they bog down the review process, which is limited to a total of five days after the day of the vote by Armenia's Election Code, and which operates on a first-come, first-serve basis. By flooding the system with complaints before the opposition does, these parties ensure that the recount process focuses on non-serious complaints, thereby

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guaranteeing that the recount differs little from the initial vote tally.

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